

DIRECT TESTIMONY

OF

BUD GREEN

TELECOMMUNICATIONS DIVISION

ILLINOIS COMMERCE COMMISSION

AMERITECH ILLINOIS

DOCKET NOS. 98-0252/0335 (CONSOL.)

NOVEMBER 3, 2000

1 **Q. Please state your name and business address.**

2

3 A. My name is Bud Green and my business address is 527 East Capitol Avenue,
4 Springfield, Illinois 62701.

5

6 **Q. By whom are you employed and in what capacity?**

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8 A. I am employed by the Illinois Commerce Commission as the Chief Engineer in the
9 Telecommunications Division.

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11 **Q. Please briefly describe your work duties with the Illinois Commerce**
12 **Commission.**

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14 A. My responsibilities include supervising and directing the activities of the
15 Engineering Department of the Illinois Commerce Commission
16 Telecommunications Division. These activities include certification cases, formal
17 complaint cases, and various telecommunications industry related cases where
18 engineering is warranted. I also plan, coordinate, and participate in
19 telecommunications cases, provide expert testimony, and recommend Staff and
20 Commission action within those proceedings. Finally, I furnish technical assistance
21 on telecommunication matters for projects, studies, reports and research.

22

23 **Q. Please state your education background and work experience.**

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25 A. I am a Professional Engineer licensed in the State of Illinois. I graduated from the
26 University of Illinois with a Bachelor of Science Degree in Engineering in 1970.
27 After graduation, I joined Illinois Bell Telephone Company as an Engineer in its
28 Engineering Department. While with Illinois Bell for 14 years I held the following
29 positions: Engineer, Systems Analyst, Network Forecasting Engineer,
30 Communications Systems Representative, Account Executive and Account
31 Manager.

32

33 At divestiture in 1984, I transferred to AT&T as an Account Manager. In 1987, I
34 joined Tele-Sav Inc, an inter-exchange carrier and held the following positions: IXC
35 traffic trader, District Sales Manager and Director of Strategic Planning. As the
36 Director of Strategic Planning I was responsible for the overall intermediate to long
37 range planning for the IXC.

38

39 When Tele-Sav was sold to Telecom USA in July 1989, I returned to AT&T.

40 Subsequent to my return to AT&T, I held the positions of Data Networking Account
41 Executive, Sales Manager, and Building Engineer. In October 1998, I became the
42 Vice President of a consulting engineering firm, KM2 Design Group, P.C. I joined
43 the Illinois Commerce Commission in June 2000, as the Chief Telecommunications
44 Engineer.

45

46 **Q. What is the purpose of your testimony in this proceeding?**

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48 A. The purpose of my testimony is to address the testimony of Ameritech Illinois ("AI" or
49 the "Company") witness Palmer (AI Exhibit 10.0) with respect to fill factors. I will
50 also address the testimony of Company witness Gebhardt (AI Exhibits 1.0, 1.1, 1.2)
51 with respect to the projected life of assets.

52

53 **Q. Please describe the terms fill factors and projection life of assets.**

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55 A. The fill factor is defined as the usable capacity of equipment or resources and is a
56 component of Long Run Service Incremental Cost (LRSIC) cost studies. Specifically,
57 usable capacity is defined in 83 Illinois Administrative Code Section 791.20(n) as "the
58 maximum physical capacity of the equipment or resource less any capacity required for
59 the maintenance, testing, or administrative purposes." Telecommunications carriers
60 subject to the Illinois Cost of Service Rule should calculate fill factors in a manner
61 consistent with definition of "usable capacity." As defined in Section 791.20(n). This
62 definition includes spare capacity because spare capacity it is not specifically
63 excluded. Spare capacity is available for use throughout the revenue producing life of
64 the service.

65

Projected life of assets refers to the anticipated useful life of equipment or resources and is a component of LRSIC.

Q. Please summarize the positions presented by AI witness Palmer with respect to fill factors.

A. Mr. Palmer's direct testimony shows that Ameritech Illinois' LRSIC cost studies were prepared using fill factors reflecting usable capacity assumptions as defined in 83 Illinois Administrative Code Part 791.¹ Mr. Palmer's testimony also indicates additional principles affecting fill factors that he believes should be followed for LRSIC studies.² However, in response to Staff Data Request No. HKG-4, Ameritech Illinois recognizes that the appropriateness of fill factor assumptions is currently being addressed in Docket No. 99-0535.

Q. Do you have any comments with regard to Mr. Palmer's aforementioned position on fill factors?

A. Yes, I do. Although AI has used the currently appropriate fill factors in its LRSIC cost studies, the Commission proceeding in Docket No. 99-0535 is addressing this issue. Therefore, Mr. Palmer's opinions of how fill factors should be addressed in LRSIC cost

¹ Ameritech Illinois Exhibit 10.0, Schedule 2, p. 2.

² Ibid., pp.3, 10-14.

studies is outside the scope of this proceeding. The proper venue for discussing fill factors is in Docket No. 99-0535 and not in the current proceeding.

Q. Please summarize the positions presented by AI witness Gebhardt regarding projection lives for various categories of equipment.

A. AI witness Gebhardt indicated that the Company is currently allowed to use three different depreciation rates: a) depreciation rates set by the Company as allowed in the Commission's Order in Docket Nos. 92-0448/93-0239 (consol.) ("depreciation freedom"); b) depreciation rates used in LRSIC studies; and c) depreciation rates used for UNEs, interconnection and reciprocal compensation rates. He opines that it makes no sense to have three different rates for the same equipment and resources..³

Q. Do you have any comments on Mr. Gebhardt's statements regarding projected lives for various categories of equipment?

A. Yes, I do. In Docket Nos. 92-0448/93-0239 (consol.), the issue of projected lives of equipment was thoroughly addressed. The Commission Order in that docket approved the projected lives to be used for various categories of equipment for

³ Ameritech Illinois Ex. 1.1, p. 58.

LRSIC studies of retail services.⁴ The Commission's Order in Docket No. 96-0486/96-0569 (consol.), approved of the use of depreciation rates adopted by the FCC for UNEs, interconnection and reciprocal compensation rates.⁵ Therefore, this issue has already been addressed and does not need to be revisited.

Q. What are those projected lives approved by the Commission in its Order in Docket Nos. 92-0448/93-0239 (consol.) ?

A. The projected lives approved by the Commission in its Order in Docket Nos. 92-0448/93-0239 (consol.) are as follows:⁶ Digital Switches -- 18 years (Order at 137); Digital Circuit Equipment -- 13 years (Order at 140); Underground Cable -- 30 years (Order at 145); Buried Cable -- 27 years (Order at 145); Aerial Cable -- 24 years (Order at 145); and Analog Circuit Equipment -- 8.3 years (Order at 145).

Q. Does this conclude your testimony?

A. Yes it does.

⁴ Docket Nos. 92-0448/93-0239 (consol.) (October 11, 1994) at 137-145.

⁵ Docket No. 96-0486/96-0569 (consol.) (February 17, 1998) at 28-29.

⁶ Ibid.